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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/08 AND ENDING 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Castle Creek Financial LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

6051 El Tordo

(No. and Street)

Rancho Santa Fe

(City)

CA

(State)

92067

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

William R. Moody

858-756-8300

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Crowe Horwath LLP

(Name - if individual, state last, first, middle name)

One Mid America Plaza, Suite 700, P.O. Box 3697

(Address)

Oak Brook

(City)

IL

60522-3697

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

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Washington, DC
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information
contained in this form are not required to respond unless the form displays a
currently valid OMB control number.

3/22/09

OATH OR AFFIRMATION

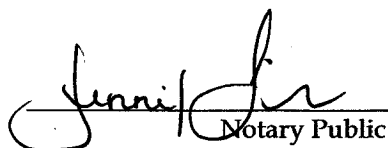
I, William J. Ruh, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Castle Creek Financial LLC, as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



By: Castle Creek Financial LLC

Executive Vice President


Signature


Notary Public

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition (Statement of Cash Flows).
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims or Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☐ (o) Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5

** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Diego

On Feb. 27, 2009

before me,

Jennifer Lian

Here Insert Name and Title of the Officer

personally appeared

William J. Ruh

Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Jennifer Lian

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document

Castle Creek Financial - Statement of Financial Condition

Document Date:

N/A

Number of Pages:

10

Signer(s) Other Than Named Above:

NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name:

William J. Ruh

- ☐ Individual
- ☐ Corporate Officer — Title(s):
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney in Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☒ Other: Principal

Signer Is Representing:

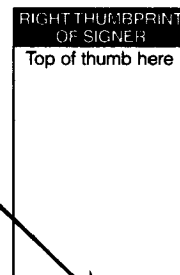
Castle Creek Financial



Signer's Name:

- ☐ Individual
- ☐ Corporate Officer — Title(s):
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney in Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other:

Signer Is Representing:



CASTLE CREEK FINANCIAL LLC
(A Delaware Limited Liability Company)
Rancho Santa Fe, California

STATEMENTS OF FINANCIAL CONDITION
December 31, 2008 and 2007

CONTENTS

REPORT OF INDEPENDENT AUDITORS	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL CONDITION.....	2
NOTES TO FINANCIAL STATEMENTS.....	3



Crowe Horwath™

Crowe Horwath LLP
Member Horwath International

REPORT OF INDEPENDENT AUDITORS

To the Members of
Castle Creek Financial LLC

We have audited the accompanying statements of financial condition of Castle Creek Financial LLC (the Company) as of December 31, 2008 and 2007 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Castle Creek Financial LLC as of December 31, 2008 and 2007 in conformity with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Oak Brook, Illinois
February 18, 2009

CASTLE CREEK FINANCIAL LLC
(A Delaware Limited Liability Company)
STATEMENTS OF FINANCIAL CONDITION
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 50,000	\$ 123,000
Prepaid expenses	19,000	23,000
Equity securities	<u>997,000</u>	<u>1,330,000</u>
 Total assets	 <u>\$ 1,066,000</u>	 <u>\$1,476,000</u>
 LIABILITIES AND MEMBERS' EQUITY		
Liabilities	\$ 1,000	\$ -
Members' equity	<u>1,065,000</u>	<u>1,476,000</u>
 Total liabilities and members' equity	 <u>\$ 1,066,000</u>	 <u>\$1,476,000</u>

The accompanying notes are an integral part of these financial statements.

CASTLE CREEK FINANCIAL LLC
(A Delaware Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - DESCRIPTION OF BUSINESS

Castle Creek Financial LLC (the Company), a Delaware Limited Liability Company, has been licensed by the Securities and Exchange Commission and the Financial Industry Regulatory Authority to operate as a broker/dealer. The Company does not directly solicit or execute securities transactions or hold funds or securities, or owe money or securities to customers. The Company also does not carry accounts of or for customers.

The Company was formed on March 20, 1996 primarily to facilitate acquisitions and mergers and to provide advisory services. The Company earns advisory and placement fees for its services to clients. The Company is a limited liability company. Limited liability companies (LLCs) are formed in accordance with the laws of the state in which they are organized. LLCs are generally unincorporated associations of two or more persons, their members have limited personal liability for the obligations or debts of the entity, and they are classified as a company for federal income tax purposes. The Company is made of eight members. Eggemeyer Corp., WJR Advisory Corp., and Legions III Corp. own 40.0%, 20.0%, and 12.5% of the Company, respectively. The other members each own less than 10%. In accordance with the operating agreement of the Company, the terms of the Company shall be 99 years unless the Company is dissolved earlier in accordance with the provisions of the operating agreement or the Delaware Limited Liability Company Act.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results may differ from those estimates. The fair values of equity securities are particularly subject to change.

Cash and Cash Equivalents: The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Equity Securities: Equity security transactions are recorded on the trade date. Equity securities are carried at fair value.

The Company utilizes a valuation methodology to determine the fair value (consensus value) of equity securities. Under this methodology, the current market (bid) price, a discounted cash flow model price, and a peer group valuation price are determined. From an evaluation of these values, the Company determines the consensus value per share. If the consensus value is deemed too high, then a lower value that is more reflective of an appropriate value (modified value) may be established. The lower of the consensus value or modified value is multiplied by the number of shares owned to determine the fair value. Securities are carried at this fair value with changes in unrealized gains (losses) included in the statement of income.

CASTLE CREEK FINANCIAL LLC
(A Delaware Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fair value estimates are made at a specific point in time and are based on relevant market information and information about the securities. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Income Taxes: No income tax provision has been recorded in the Company's financial statements because the liability is that of the individual members and not the Company.

FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN48), issued July 2006, was effective as of January 1, 2007. The Company has elected to defer adoption of FIN 48, in accordance with the provisions of FASB Staff Position No. FIN 48-3, which permits certain nonpublic enterprises to delay adoption until fiscal years beginning after December 15, 2008. Upon adoption of FIN 48, the Company will recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Currently, the Company accounts for contingencies associated with certain tax positions in accordance with SFAS No. 5, *Accounting for Contingencies*, which provides the recording of a contingency based on the probability of certain events to transpire that range from probable to remote as opposed to applying a more-likely-than-not recognition threshold.

NOTE 3 - SCHEDULE OF EQUITY SECURITIES

The cost and fair value of equity securities at December 31, 2008 and 2007 is as follows:

	Number of <u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
<u>2008</u>			
The BANKshares, Inc.	133,000	<u>\$ 1,330,000</u>	<u>\$ 997,000</u>
<u>2007</u>			
The BANKshares, Inc.	133,000	<u>\$ 1,330,000</u>	<u>\$ 1,330,000</u>

CASTLE CREEK FINANCIAL LLC
(A Delaware Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 4 - FAIR VALUE

Statement 157 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Equity securities are valued based on the Company's own assumptions and pricing methodology as described in Note 2.

Assets and Liabilities Measured on a Recurring Basis: At December 31, 2008, the Company had equity securities with a fair value measurement of \$997,000 using significant unobservable inputs (Level 3). At December 31, 2007, the Company had equity securities with a fair value of \$1,330,000 using significant unobservable inputs (Level 3).

NOTE 5 - RELATED PARTIES

Under the Partnership agreements of Castle Creek Capital Partners Fund IIa, LP (Fund IIa), Castle Creek Capital Partners Fund IIb, LP (Fund IIb), and Castle Creek Capital Partners Fund III, LP (Fund III) (collectively, the Funds), each deemed a related party of the Company, the Company may provide advisory services to Portfolio Companies in which the Funds invest and other entities that are not Portfolio Companies. In the event the Company earns advisory fees from Portfolio Companies, the Company is to pay the respective fund's partnership management fees to Castle Creek Capital LLC (CCC), the general partner of Fund IIa and Fund IIb, and Castle Creek Advisors, LLC (CCA), the manager of Fund III, in an amount equal to the respective fund's fully diluted percentage profit interest in such Portfolio Company, divided by 100%. In the event the Company earns advisory fees (as defined in the partnership agreements), from non-portfolio companies, the Company is to pay the respective fund's partnership management fees to CCC and CCA in an amount equal to 10% of the net fees received.

CASTLE CREEK FINANCIAL LLC
(A Delaware Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 5 - RELATED PARTIES (Continued)

For the year ended December 31, 2008, the Company provided no advisory services to Portfolio Companies. For the year ended December 31, 2007, the Company provided advisory services to State National Bancshares and to The BANKshares, Inc. State National Bancshares, prior to the transaction, was a Portfolio Company of Fund IIa and IIb; however, no management fee offset was paid to CCC because Fund IIa and Fund IIb had no ownership interest in State National Bancshares at the close of the transaction. The Company paid CCA a management fee offset of \$1,100,000 for services provided to The BANKshares, Inc. For the year ended December 31, 2008 and 2007, the Company did not provide advisory services to non-portfolio companies.

At December 31, 2008 and 2007, the Company owes no amounts to related parties and has no amounts due from related parties.

The Company maintains bank accounts with Pacific Western Bank, whose holding company is a Portfolio Company of Fund IIa and Fund IIb.

NOTE 6 - NET CAPITAL

Under Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain "net capital," as defined by the Rule, equal to the greater of \$5,000 or 6-2/3% of "total aggregate indebtedness," as defined. As of December 31, 2008 and 2007, the Company had excess "net capital" of \$44,000 and \$118,000, which is the capital in addition to its minimum required capital of \$5,000.

NOTE 7 - LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

The Company had no borrowings under subordination agreements at December 31, 2008 or 2007.

CASTLE CREEK FINANCIAL LLC
(A Delaware Limited Liability Company)
Rancho Santa Fe, California

STATEMENTS OF FINANCIAL CONDITION
December 31, 2008 and 2007

Filed as Confidential Information Pursuant to
Section 17 of the Securities Exchange Act of 1934 and
Rule 17a-5(e) Thereunder